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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY  
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State Department review completed

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**28 April 1955**

**T H E W E E K I N B R I E F**

**PART I**

**OF IMMEDIATE INTEREST**

**CHOU EN-LAI'S SUGGESTION  
FOR TALKS WITH THE US . . . . . Page 1**

Chou En-lai's suggestion of 23 April that direct talks be held between the United States and Communist China is: (a) part of the effort to split the United States and its allies; (b) an attempt to recoup the losses suffered by the Communists at the Bandung conference; and (c) a move to bring the Sino-Soviet bloc's Far Eastern policy in line with the bloc's world-wide moves to reduce tensions. [REDACTED]

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**FORMOSA STRAITS . . . . . Page 2**

The military situation in the Formosa Straits continued generally quiet last week. [REDACTED]

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**AUSTRIAN TREATY . . . . . Page 3**

Soviet agreement to the Western proposal that a five-nation ambassadors' meeting precede the foreign ministers' conference on the Austrian treaty indicates that Moscow is willing to satisfy Western requirements in the interest of prompt action on the Austrian treaty. [REDACTED]

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**PRACTICE FOR SOVIET  
MAY DAY AIR SHOW . . . . . Page 3**

Sightings of Soviet aircraft rehearsing for the annual May Day air show suggest that the Soviet heavy bomber program is substantially more advanced than had been previously estimated. [REDACTED]

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**NEW FIGHTING IN SAIGON . . . . . Page 4**

The outbreak of fighting between the Vietnamese army and the Binh Xuyen on 28 April is an outgrowth of Premier Diem's evident determination to establish a unified, genuinely nationalist government. His decision to take control of the police force and to move ahead with plans for national elections brought the dispute between the government and opposition elements to a head. [REDACTED]

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PART II

NOTES AND COMMENTS

Effect of Austrian Treaty on Soviet Security Position:

The USSR can sign an Austrian treaty and withdraw its occupation troops without substantially reducing its military strength in Europe, impairing the security of the Satellites, or reducing the effectiveness of European Communist-front organizations operating from Vienna. [ ] . . . .

Page 1

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Pressure Maintained on West Berlin: East Germany continued its harassment of West Berlin during the past week. East German officials have made it clear that the campaign is designed to force West German recognition of the East German government. [ ] . . . .

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West Berlin Economy Depends on Free Access to West Germany:

The West Berlin legislature's approval on 26 April of a second subsidy to cover the recent increase in East German tolls on Berlin trucking reflects the legislature's anxiety to preserve the large economic gains made by Berlin in recent years. In 1954, West Berlin exported goods worth \$831,000,000, mainly to West Germany. [ ] . . . .

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East German Conscription Will Probably Be Delayed: Contrary to earlier indications, conscription for an East German army is apparently being postponed. Communist Party members, however, are being virtually ordered to "volunteer" for the Garrisoned People's Police. [ ] . . . .

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Japan's Relations with the Sino-Soviet Bloc: The

Soviet Union has accepted Japan's bid for diplomatic talks in London in early June. Chief Japanese delegate Takasaki's conversations with Chou En-lai at Bandung dealt mainly with the repatriation problem but may have included political and trade matters as well. [ ] . . . .

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Soviet May Day Slogans: Moscow's May Day slogans this year appear to give somewhat greater emphasis to the fundamental ideological aims of Communism and they contain an indication that the Kremlin intends to proceed with announced countermeasures to West German rearmament. [REDACTED] . . . . . Page 8

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New Agricultural Measures Announced in USSR: Announcements on 16 and 19 April by the USSR Ministry of Agriculture give further evidence that the present program to increase food output has thus far failed to gain increased support of the peasantry. They also suggest a more exacting attitude in demands for the fulfillment of delivery quotas. [REDACTED] . . . . . Page 9

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Laos: Talks between the royal government and the Pathet Lao, which since January have followed an erratic and inconclusive course, have again been suspended indefinitely. The government delegation, thoroughly disillusioned, has referred the matter to Premier Katay. [REDACTED] . . . . . Page 10

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Afro-Asian Conference: The final communiqué of the Bandung conference was a victory for neither the Communists nor the neutralists. [REDACTED] . . . . . Page 11

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India Promotes Asian Economic Conference: The six Asian nations which have accepted India's invitation to an economic conference at Simla on 9 May have done so apparently more from a fear of not receiving extra American aid than from a desire to accede to an invitation from India. Most of these nations strongly suspect Indian motives. [REDACTED] . . . . . Page 11

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Afghanistan-Pakistan Tensions Continue: Afghanistan's delay in taking action toward a settlement with Pakistan and Pakistan's closing of its consulate at Jalalabad have prolonged the tension between the two countries. With the close of the Bandung conference, however, some progress toward a compromise appears likely. [REDACTED] . . . . . Page 12

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Arab Defense Developments: The lack of any Arab announcement from Bandung suggests that Egypt, Saudi Arabia and Syria have been unsuccessful in seeking an agreement on Syrian counterproposals to Cairo's proposed defense pact. There is still an outside chance, however, that a pact will be signed. If it is, it will probably have neither military value nor lasting political significance. [REDACTED] . . . . . Page 14

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Tunisian Agreement Announced: The agreement in principle announced in Paris on 22 April between France and Tunisia is the first step toward implementing the Tunisian autonomy declared by Mendes-France last July. Serious problems and strong opposition to this agreement remain. [REDACTED] . . . . .Page 14

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**PART III**

**PATTERNS AND PERSPECTIVES**

RECENT DEVELOPMENTS IN SOVIET FOREIGN POLICY. . . . . .Page 1

The Supreme Soviet session in early February, which witnessed the resignation of Premier Malenkov, marked the opening of a new phase of Soviet policy toward Central and Western Europe. Soviet leaders are developing a broad program of action based on concessions on the Austrian treaty and the reopening of great-power talks. This program is designed to prevent or at least impede the incorporation of a sovereign and rearmed West Germany in the Western alliance. [REDACTED]

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WEST EUROPEAN REACTIONS TO PROPOSED AUSTRIAN SETTLEMENT . .Page 7

Spokesmen for practically all Western European nations have welcomed the prospect of an early Austrian settlement, and there is widespread approval for the idea that Austria should be neutral. There is also general agreement that the change in the Soviet attitude is the beginning of a new gambit on Germany, but little agreement on what move the USSR may make next. [REDACTED]

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**PART I**

**OF IMMEDIATE INTEREST**

**CHOU EN-LAI'S SUGGESTION  
FOR TALKS WITH THE US**

Chou En-lai's suggestion of 23 April that direct talks be held between the United States and Communist China is: (a) part of the effort to split the United States and its allies; (b) an attempt to recoup the losses suffered by the Communists at the Bandung conference; and (c) a move to bring the Sino-Soviet bloc's Far Eastern policy in line with the bloc's world-wide moves to reduce tensions.

Chou's statement came with unexpected swiftness after other Asian leaders at Bandung had made clear their strong sentiment for a negotiated settlement.

The Chinese Communist maneuver is apparently aimed at forcing the United States to choose between:

(1) refusing to negotiate, possibly at considerable cost to American relations with other powers in Western Europe and Asia; or

(2) undertaking negotiations in which Chinese Communist proposals would be disagreeable to the United States and Nationalist China but might be acceptable to many other governments.

Secretary Dulles' response to the Communist overture on 26 April has put Chou in a position where he could easily lose the ground he regained at Bandung. Peiping would now appear to be at a political disadvantage in

undertaking major military operations in the Formosa Straits at this time or in setting forth harsh conditions for negotiations.

The British chargé in Peiping has been directed by London to ask Chou to clarify his position. In the meantime, Peiping may try to give an appearance of sincerity to its offer by soon releasing some of the 56 Americans it admits holding. The Communists have apparently been delaying such releases in order to extract the maximum propaganda advantage from them.

Soviet spokesmen are publicly and privately encouraging the United States to negotiate with Peiping. Moscow's posture continues to be that of the reasonable mediator disclaiming responsibility for the actions of its ally.

There is as yet no evidence that Peiping's position has changed on any substantive issue which a Formosa conference might discuss. The Chinese Communists have continued to insist, both publicly and privately, that they will "liberate" Formosa and that any type of compromise is unacceptable.

As recently as 28 April, Peiping reiterated its longstanding position that any Formosa settlement must involve the withdrawal of American forces from the area. Peiping would be expected at least to begin with this demand in any talks, arguing that the

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"Chinese people" themselves could effect a "peaceful settlement."

Chinese Communist statements on this subject have seemed to envisage a non-violent turnover of Formosa along the lines of the "liberation" of much of Nationalist-held China in 1949.

There are other proposals, however, which Peiping could put forward to exploit divergences between the United States and other powers. One such notion, even though it has already been denounced by the Chinese Communists, is the Ceylonese plan for a trusteeship over Formosa by the Colombo powers, all of whom recognize Peiping.

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**FORMOSA STRAITS**

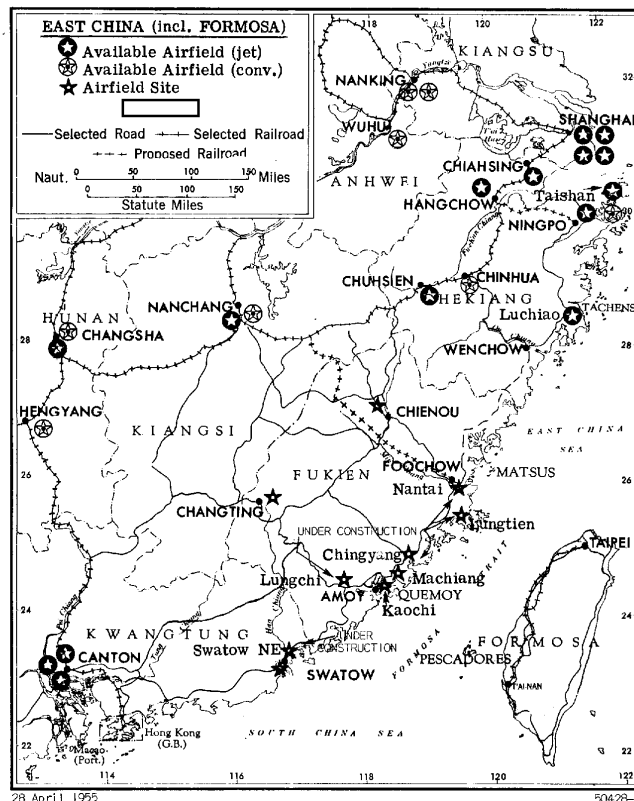
The military situation in the Formosa Straits continued this week to be generally quiet. It was broken only by the first Chinese Communist shelling of an island in the Matsu group on 26 April.

been completed more rapidly than expected.

Construction work is still in progress at Nantai airfield near Foochow, and at two sites near Amoy--Lungchi and Ching-

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Only two rounds were fired, probably for registering Communist weapons on the Peiling Peninsula north of the Matsus. Both struck Peikantang Island, two miles north of Matsu, and five Chinese Nationalist soldiers were wounded.



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that the Communists have begun construction of another new airfield in Fukien Province. An area similar to an airfield layout is being cleared near the village of Lungtien, about 30 miles south of Foochow.

Other photos disclose that runway foundations of the new field northeast of Swatow have

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**AUSTRIAN TREATY**

The Soviet note of 26 April, agreeing to the Western proposal for a five-nation ambassadors' meeting to precede the foreign ministers' conference on the Austrian treaty, is a further sign of Moscow's interest in signing the treaty quickly.

Although the note argued that the Western plan was not the shortest way to achieve agreement, it did not repeat Soviet press charges that the West is "dodging and maneuvering" in an attempt to delay the treaty.

A Soviet official has said that most of the details of a treaty can be settled in a few hours. This statement contrasts sharply with Western plans for detailed negotiations to obtain the best possible terms and suggests that Moscow will not be amenable to making many important substantive changes in the treaty.

One change the Austrians are seeking is an increase in the military forces permitted by the treaty. Although several Austrians gained the impression from the Moscow talks that the USSR would agree to a doubling of the presently authorized force of 58,000 (including 5,000 in the air force), a responsible Soviet official in Vienna has twice expressed doubt that there could be any increase.

The most important question to be settled is still the four-power guarantee of Austrian territorial inviolability and integrity, which a Soviet official has said must be settled at the foreign ministers' level.

Western negotiators hope also to incorporate the recent Soviet economic concessions in the treaty itself, rather than leaving them in the form of a simple bilateral agreement with Austria.

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**PRACTICE FOR SOVIET  
MAY DAY AIR SHOW**

Sightings of Soviet aircraft rehearsing for the annual May Day air show suggest that the USSR will demonstrate major advances in aircraft development.

A formation including ten jet heavy bombers has been sighted. This is the BISON (Type 37), only one of which participated in the show last year. The availability of

this aircraft in such numbers means that the Soviet heavy bomber program is substantially more advanced than had been previously estimated.

Rehearsals for Sunday's air parade have also shown an entirely new large Soviet aircraft: a four-engine, turbo-prop swept-wing aircraft of heavy-bomber size and configuration.

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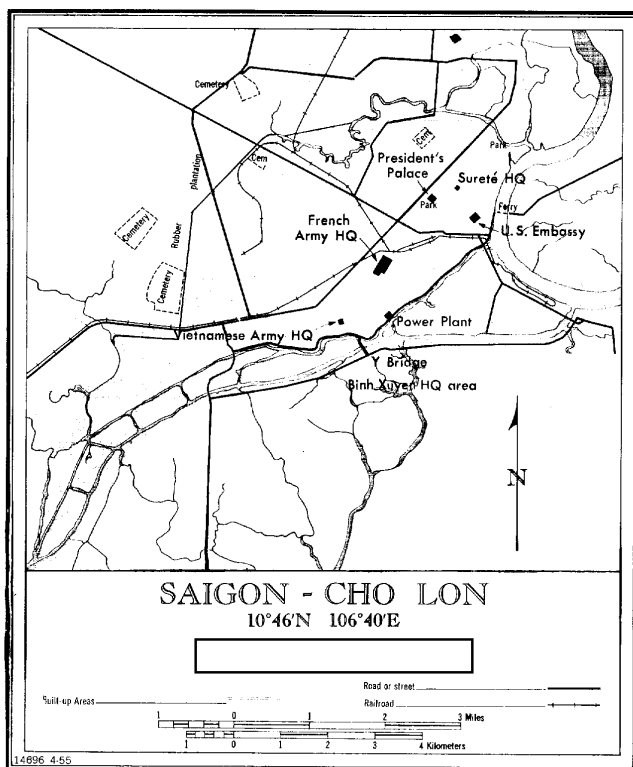
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**NEW FIGHTING IN SAIGON**

A duel between Binh Xuyen mortars and government artillery began in Saigon on the afternoon of 28 April, the day on which Premier Diem had directed

Both army and Binh Xuyen morale are reported high, in the case of the Binh Xuyen because they believe the French will support them, in the case of the army because of the growing feeling that the issue is one of nationalism versus colonialism.



police personnel have already switched their allegiance from the Binh Xuyen to the government.

Government forces have the capability of driving the Binh Xuyen out of Saigon, if the French stand aside, but at the present time the government lacks sufficient stockpiles of ammunition for a protracted war. The Binh Xuyen is not a popular force, however, and will probably be forced to resume a status similar to that of its river pirate origins if the fighting continues.

all personnel of the Binh Xuyen-controlled national police to report for duty at the loyalist police headquarters established two days earlier.

Binh Xuyen mortar shells began landing on the grounds of the premier's palace at 1:15 pm on the 28th; by 3:00 pm a government barrage against Binh Xuyen headquarters was under way.

Tension between the government and the Binh Xuyen began to come to a head on 26 April when Diem appointed a new chief of National Police, Nguyen Ngoc Le, in place of Lai Van Sang, a Binh Xuyen man who had been installed a year ago when Bao Dai sold the police force to the gangster society. At the same time, Diem

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dissolved the Binh Xuyen's "shock troops" which for a month had been intermittently terrorizing Saigon in open defiance of the government.

The Binh Xuyen's initial reaction was an appeal to the supreme authority of Bao Dai. From his Riviera headquarters, the chief of state has moved to halt the current fighting by summoning Diem and his opponents to a peace conference at Cannes. He has also delegated "full military powers" to General Vy, an officer whose loyalty to Diem is doubtful.

Following Diem's announcement of the police transfer, the French stated that they planned to limit their effort to using "any influence they may have" to persuade the Binh Xuyen not to resort to armed reaction.

The government, meanwhile, was hoping to improve its position psychologically by arranging the rallying of a Viet Minh battalion left in the Cama area after the regroupment.

In addition to forcing the issue of police control, Diem's insistence on the election of a national assembly also demonstrates his determination to press for a unified, nationalist government.

Meanwhile, a speech that Chou En-lai made at Bandung on 24 April may have ominous implications for Vietnam's future. Chou referred to Peiping's nonaggressive intentions, specifically mentioning Burma, Thailand, the Philippines and even Laos and Cambodia, but completely omitting any reference to Vietnam.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

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## PART II

NOTES AND COMMENTSEffect of Austrian Treaty  
On Soviet Security Position

The USSR can sign an Austrian treaty and withdraw its occupation troops without substantially reducing its military strength in Europe, impairing the security of the Satellites, or reducing the effectiveness of European Communist-front organizations.

The Soviet Union has maintained a comparatively small occupation force in Austria. Ground forces there consist of two line divisions, totaling 31,000 soldiers and 2,500 security troops, in contrast with a force of 22 line divisions, with 400,000 army and 15,000 security troops, in East Germany.

The Soviet air force has six jet fighter regiments with an estimated 222 jet fighters based in Austria. In East Germany, there are 20 jet fighter regiments and at least six jet light bomber regiments.

Soviet air units are based at five airfields in Austria, only two of which have permanent-surface runways. Since the war, the USSR has improved facilities at the airfields only to the extent required to keep them operative, whereas it has built 31 major airfields in East Germany.

Withdrawal of Soviet forces would involve some impairment of the USSR's forward air defense system, which can, however, be offset by increases in capabilities in Czechoslovakia and Hungary. Withdrawal would not prejudice Soviet ground defenses in Eastern Europe.

The peace treaties with Hungary and Rumania provide that

Soviet line of communications troops must be withdrawn when the Soviet occupation of Austria ends. The arrangements to conclude a new unified Soviet bloc command, however, could include agreements to maintain Soviet ground and air forces in these countries and perhaps even to send forces into Czechoslovakia.

A Soviet withdrawal from Austria will not bring a large exodus of refugees from the Satellites into the liberated area. Since 1952 the Czech and Hungarian boundaries with the Soviet zone of Austria have been controlled almost as closely as those with the West. As a result, it has been as difficult for refugees from these two countries to escape into Austria as into West Germany or Yugoslavia.

The withdrawal of Soviet troops will, however, remove the major hazard facing the few refugees who succeed in getting into Austria. In the past Austrian Communists have sometimes reported the presence of escapees to Soviet troops, who have arrested them; and Austrian police have a number of times been forced to arrest refugees and turn them over to Soviet authorities.

Austrian leaders have already asserted that as a neutral their nation will have the prerogative of establishing the right of asylum, and Austria will probably grant asylum whenever possible to refugees.

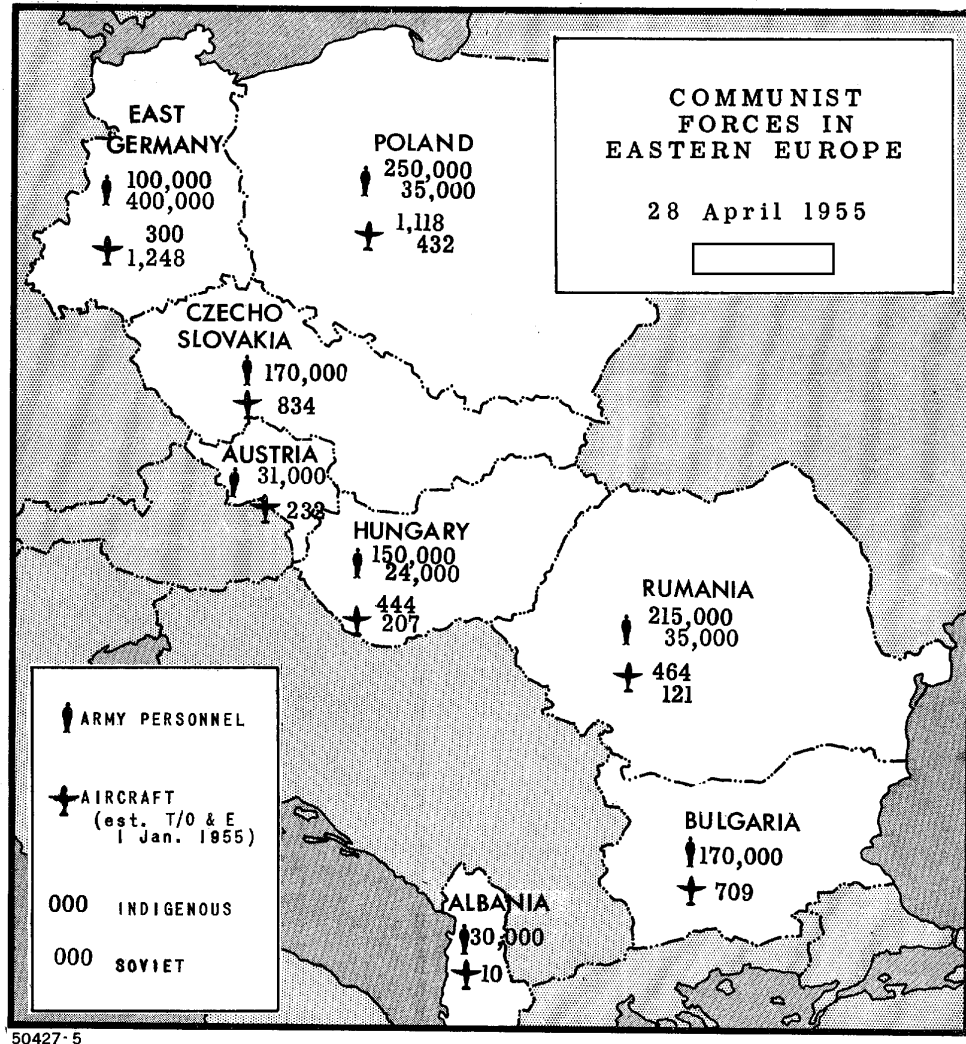
Vienna has been an ideal site for Communist-front activities because access to it was under Soviet control. It has

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become a haven for a number of important Communist-front organizations driven out of other Western countries or which moved out from under the shadow of the iron curtain.

These include headquarters of the World Peace Council (WPC), the World Federation of Trade Unions (WFTU), the International Federation of Resistance Fighters (FIR), and the International Organization of Journalists (IOJ). The first

two organizations were expelled from Paris by the French government, while the IOJ moved from Prague and the FIR evolved from an earlier Warsaw organization.

The Austrian government will probably grant visas generously to Sino-Soviet bloc delegations in order to maintain a neutral appearance. Accordingly, Communist-front operations will probably not be seriously curtailed.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

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Pressure Maintained  
On West Berlin

The East German government has continued its harassment of West Berlin during the past week, and there are no signs of any abatement in the campaign. The East Germans have made it clear that the campaign is designed to force West German recognition of East Germany.

On 21 April an unarmed West Berlin customs boat and its crew were seized on the Havel River, allegedly for violating the East Germany-West Berlin border, which in places runs down the center of the river. Although the crew was subsequently released, the seizure seriously alarmed the West Berlin public.

Nine West Berlin trucks loaded with scrap metal for delivery to West Germany were seized on 23 April at Marienborn on the Autobahn between West Berlin and West Germany, and cargoes from another ten may have been impounded. The excuse given was that the cargoes were incorrectly described in the applications for transit permits.

At an East German "hearing" on these seizures, a West German businessman was able to prove his cargo had been correctly listed. An East German official then admitted that the confiscation had taken place for political reasons because the Paris accords had been signed and the West Germans "would make war materiel out of the scrap." These reasons were presented as sufficient grounds for the confiscation, the first of this type since the spring of 1953.

On 23 April, the East German government proposed that negotiations on the truck tax be held between "representatives" of the two Ministries of Trans-

port. The offer appears to lie somewhere between the West German insistence on talks at a "technical" level, which would carry no implication of recognition of East Germany, and the earlier East German demand that the talks be held on the ministerial level.

This proposal suggests that the East Germans may fear the effect the West German cuts in interzonal trade would have on their shaky economy.

A statement by Deputy Premier Nuschke in an East Berlin paper the next day clearly revealed that the imposition of the truck tax was intended to force West German recognition of East Germany.

Nuschke stated that "if Bonn and West Berlin had not committed the political folly of declaring us to be nonexistent, they could have saved themselves some unpleasantness and they would be able to save themselves even greater unpleasantness in the future."

The West Germans have not replied to the latest East German proposal for negotiations. The Bonn government continues to desire Allied representations to Moscow regarding the truck tax, a move about which there is still disagreement between the Americans, British and French.

Allied officials have not changed their view that curtailment of interzonal trade by the West is the best means of forcing East Germany to terms. Chancellor Adenauer, however, remains under pressure by West German commercial interests not to maintain such a curtailment too long and not to extend its coverage to a wider variety of goods.

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**West Berlin Economy Depends  
On Free Access to West Germany**

The West Berlin legislature's approval on 26 April of a second subsidy to cover the recent increase in East German tolls on Berlin trucking reflects the legislature's anxiety to preserve the economic gains made by Berlin in recent years.

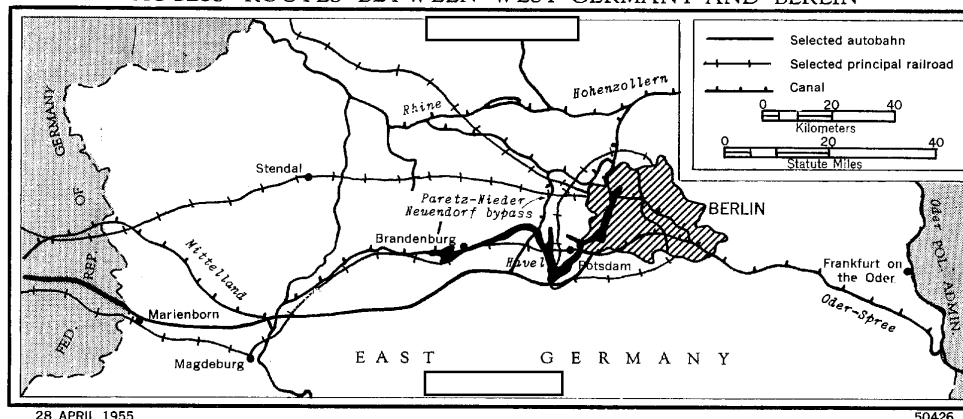
West Berlin is completely dependent on easy access to the West, as well as on outside financial aid. The stopping of deliveries to or from the city, as might have occurred if the West German truckers had resisted payment of the new tolls, would have had a detrimental impact on the city's industry and employment in a fairly short time.

Two years ago West Berlin was an extremely depressed area with a crippled industry and 25-percent unemployment. Today it is playing a growing economic role in Western Europe and has hope for the future. Much of this change was made possible by the increasing confidence of Western businessmen in Berlin's ability "to deliver the goods."

In 1954, West Berlin exported 831,000,000 dollars worth of electrical equipment, clothing, food, machine tools, and other goods, mainly to the Federal Republic. These shipments were made possible by imports of food, raw material, and finished goods worth about 1.05 billion dollars, mostly from West Germany.

During the year, unemployment was brought down to 16 percent, industry expanded, and productivity improved. The Siemens firm, representative of Berlin's largest industry, regained its position as the world's third largest manufacturer of electrical equipment.

American and West German aid to Berlin, which has amounted to over 1.57 billion dollars since 1950, is thus beginning to bear fruit. With a backlog of orders, and the promise of more because of Bonn's defense program, Berlin's prospects for another good year are bright--if major Communist harassment can be avoided.

**ACCESS ROUTES BETWEEN WEST GERMANY AND BERLIN**

28 APRIL 1955

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The West Berliners need no new Communist "needling" to remind them of the vulnerability of their supply lines. While the East Germans may be reluctant to tamper with Allied access to the city, this is not necessarily the case with German access.

Aside from highway interference, the East Germans could in many ways harass the passage of West German trains over East German railroads and of West German barges, which carry most of Berlin's coal supply, over East German canals. Moreover,

West Berlin depends heavily on East German brown coal, deliveries which have declined since Bonn retaliated for the truck tax.

Developments in April have the Berliners worried, and they are looking for a middle course between too "tough" and too "soft" a response to Communist harassments. They are also insisting that the Western powers are responsible for maintaining free access to the city.

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East German Conscription  
Will Probably Be Delayed

Recent evidence suggests that East Germany will continue to rely on intensive "voluntary" recruitment to fill its current military manpower needs rather than institute conscription.

Communist propaganda directed against the Paris agreements had suggested that following ratification, East Germany's self-defense would include conscription and possibly expansion of the Garrisoned People's Police (KVP).

There are strong political reasons for postponing conscription.

Communist diplomatic pressure may still prevent West German rearmament. The introduction of conscription would further aggravate the recently increased unrest in East Germany.

Formal creation of an East German army and introduction of conscription probably would be justified on the basis of comparable steps in West Germany's rearmament.

In the meantime, the East German government is giving increasing emphasis to the recruitment of personnel for the KVP.

On 3 April, a front-page editorial in Neues Deutschland, official voice of the East German Communist Party (SED) called on all its 18- to 22-year-old members to enter the ranks of the KVP. The editorial revealed that the term of "voluntary" service had been reduced from three to two years, presumably as an inducement.

It is reliably reported, however, that party members are now virtually ordered to "volunteer," and that members of the FDJ have been threatened with expulsion and denial of the right to higher education if they refuse.

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Recruitment efforts have been intensified within the national enterprises and among the peasants. Apprentices and students have been offered special educational advantages for enlisting.

Extremely urgent recruiting measures will continue to be required if the force is to be maintained even at its present strength, and it is questionable whether any significant expansion can be accomplished without conscription. Almost half the present strength of

100,000 men joined the KVP during its rapid expansion in 1952 and will have completed their three-year terms by November. Some releases were reported in April and the rest are scheduled to be released in the fall.

Recent reports of the transfer of 10,000 to 15,000 special civil police to KVP jurisdiction suggest that drafts from within the police will be used this year as another means of obtaining personnel without general conscription.

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Japan's Relations  
With the Sino-Soviet Bloc

The Soviet Union has accepted Japan's bid for diplomatic talks in London in early June. The Japanese Foreign Ministry announced that it had received the Soviet reply on 26 April through its UN observer. According to the Japanese press, the site has also been approved by the British government.

This progress should help Hatoyama parry expected opposition attacks in the Diet over his alleged "inept diplomacy."

At the Afro-Asian conference, chief Japanese delegate Takasaki's talk with Chou En-lai centered mostly around the repatriation question, according to the Japanese press. Chou was quoted as saying that he would do his best to return Japanese "war criminals" and that in the meantime he would like to arrange interviews between the prisoners and their families.

Japanese officials believe that Chou's affability, his stated willingness to assist in the repatriation question, and his desire for normal relations will be exploited by various Japanese groups for propaganda purposes.



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Meanwhile, in Tokyo, negotiations between private Japanese business groups and a visiting Chinese Communist trade mission were still deadlocked

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over Chinese insistence on a Japanese government guarantee concerning the execution of the proposed trade agreement. The Japanese Foreign Ministry refused to extend the mission's visas due to expire on 26 April and made it known that as far as it was concerned, "they should get out today."

This surprisingly firm attitude suggests that Japan has no intention of being wheedled into de facto relations with Peiping at this time. The Japanese show of impatience over Communist

maneuvers may have resulted from dissatisfaction with the private Sino-Japanese fisheries agreement recently concluded in Peiping.

The Japanese fisheries delegation itself was unhappy over its inability to recover 100 Japanese fishing vessels seized by Peiping. When queried about the matter, the Chinese reportedly answered that they had no authority to discuss it, and moreover, since the boats were being used, their return would be difficult.

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Soviet May Day Slogans

The few changes in Moscow's May Day slogans, as compared with last year's, have the purpose of bringing them in line with current Soviet tactics in domestic and foreign policy.

There are three new slogans devoted to international topics. One reflects the importance the Kremlin attaches to the Communist bloc security countermeasures against the Paris accords. The other two point up Communist hopes for continuing propaganda advantages from the talks on Austria and from developments at the Afro-Asian conference.

For the first time since 1945, the traditional slogan of the Communist movement, "Proletarians of the world, unite!", proclaimed in the Communist Manifesto of 1848, was added to the May Day slogan of greetings to the working class of the world.

The use of this slogan associated with the "heroic" period of international Communism suggests greater emphasis on the fundamental ideological aims of Marxism. Perhaps it is designed to reassure hard-core Communists in countries outside the Sino-Soviet bloc that a more militant phase of action will inevitably follow the present soft tactics appropriate for the period of "peaceful coexistence."

The only other important variation from last year's slogans was the omission of the exhortation against the setting up of military blocs. This omission is most unusual since there has been no other letup in Communist propaganda attacks on Western defense groupings. It appears to be another indication that Moscow intends to proceed with setting up the unified Eastern European command announced as a countermeasure to West German rearmament.

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## New Agricultural Measures Announced in USSR

Announcements on 16 and 19 April by the USSR Ministry of Agriculture give further evidence that the present program to increase food output has thus far failed to gain increased support of the peasantry. At the same time they suggest a more exacting attitude in demands for the fulfillment of delivery quotas.

The agricultural ministers of the various republics were ordered on 16 April to visit machine tractor stations and collective farms which had failed to fulfill goals for compulsory deliveries and targets for state purchases of meat and milk products, and to "take meat on the spot."

They were also ordered to eliminate causes of failure to fulfill state delivery plans and to impose severe punishment on inefficient directors of machine tractor stations.

On 19 April, the USSR Ministry of Agriculture ordered a decrease in the supply of chemical fertilizer during the second and third quarters of 1955 to those regions which had not utilized fertilizer properly during the first quarter, and an increase in deliveries to regions which had distributed fertilizer according to plan.

Many of the criticisms concerning agriculture in the

Soviet central press during the past few weeks are standard and have been repeated each spring for many years. The present heavy emphasis, however, seems to indicate more than normal urgency, thus pointing up the critical agricultural situation in the USSR.

Since mid-March, Communist Party first secretary Khrushchev has made four major speeches on agricultural problems at farm conferences in the western Soviet Union which are probably intended to dramatize his personal interest in and responsibility for success of the present agricultural program.

The peasants' attitude toward the collective farm and toward government control in the present crop year will be an important gauge of the effect "new course" price concessions and other incentive measures have had, since it was only at the close of the 1954 crop year that the peasantry could have had any tangible measure of an increase in income.

It is possible, however, that recent Khrushchev innovations, such as his order to replace one third of all present collective farm chairmen with urban administrators, are strengthening peasant skepticism, thus negating any earlier favorable reactions among the peasantry. [redacted] (Prepared jointly by OCI and ORR)

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Laos

Talks between the royal government and the Pathet Lao, which since January have followed an erratic and inconclusive course, have again been suspended indefinitely. The government delegation, thoroughly disillusioned, has referred the matter to Premier Katay.

The latest negotiating session, which began on 19 April after the arrival in Vientiane of some 30 Pathet Lao representatives on 12 April, was marked by Communist demands--unacceptable to the government--to intervene in the political affairs of the kingdom.

After rejecting what Chief Government Negotiator Nhouy Abhay described as his "reasonable proposal" for reintegrating certain Pathet Lao elements into the royal government, the Communists countered with proposals which would have given them a voice in the revision of electoral laws and the determination of the postelectoral government.

The Pathet Lao wanted, in Nhouy's words, to be the "arbiters of everything."

Nhouy has now informed Premier Katay that further negotiations are useless and has recommended that the Pathet Lao problem be referred to "international bodies"--presumably the International Control Commission and subsequently the Geneva powers. With the referral of this problem, Nhouy believes, the Communist negotiators should be asked to return to their northern provinces.

Katay's propensity for postponing a final showdown with the Pathet Lao may have been played on by Communist and neutralist delegates at Bandung. Katay issued a joint statement there with Pham Van Dong, Viet Minh vice premier and foreign affairs minister, to the effect that the latter recognized the Pathet Lao question as purely an internal matter, and that the Viet Minh and Laotian governments should strive for harmonious relations within the framework of the "five principles."

These actions suggest that Katay has again been lulled into the hope that a "hands-off" policy can be negotiated with powerful Communist neighbors which will ultimately result in a withering of the Pathet Lao organization and the resolvment of this internal dispute. Katay, although he has had his share of disillusioning experiences with the Pathet Lao, still harbors the belief that very few Pathet Lao are genuine Communists, and that without external direction the majority would return to the government fold in quick rejection of their past misguided deeds.

Katay may be unwilling to bring the Pathet Lao problem to a head, preferring to believe that as long as the government holds out the prospect of negotiations there is still a chance that the Pathet Lao will ultimately prove tractable.

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Afro-Asian Conference

The Bandung conference has concluded on a harmonious note with the unanimous approval of a lengthy communiqué covering a wide range of political, cultural and economic topics.

The highlight of the closing days was Chou En-lai's offer to settle the Formosa problem by direct negotiations with the United States.

This offer, coming shortly after Sir John Kotelawala of Ceylon had delivered the strongest anti-Communist speech of the conference, was perfectly timed to have maximum effect on the conferees. It was almost universally well received and gained for Chou the initiative that previously had been exercised by the anti-Communists.

Chou's offer climaxed a series of moves to improve Peiping's status in international society. Among other things, Chou signed a treaty with Indonesia resolving the status of Overseas Chinese citizenship and backed Indonesia's claim to West New Guinea, supported the Arabs against both Israel and France, and talked trade with the Japa-

nese. He even invited such staunch anti-Communists as Carlos Romulo, Prince Wan and Mohammad Ali to visit Communist China.

There can be no doubt that Chou gave a good account of himself. Neutralist quarters hailed his "brilliant diplomacy" and praised his "forbearance." Anti-Communists thought he was "frank," "sincere" and "reasonable." Mohammad Ali went so far as to say that while he continued to abhor Communism, he had changed his opinion of Chou on the basis of his experience at Bandung.

Although Chou played his part astutely, he had to pay a price for any good will he may have generated. He committed his regime to the support of the conference's communiqué which was molded largely by anti-Communist representatives.

The main theme that runs throughout this declaration is respect for the principles of the United Nations and any conspicuous deviation on the part of Peiping could quickly dissipate the gains that Chou may have registered at the conference.

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India Promotes Asian Economic Conference

The six Asian nations which have accepted India's invitation to an economic conference at Simla on 9 May have done so apparently more from a fear of not receiving extra American aid than from a desire to accede to an invitation from India. Most of these nations strongly suspect Indian motives and feel that,

in issuing the invitation, India is attempting to assume economic leadership of the area.

Judging from past conferences among these nations, the conference is unlikely to develop a well co-ordinated plan. Regardless of India's promotional efforts, some of the important invitees will probably not attend.

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Following the visit of FOA Director Stassen to India in March, New Delhi invited 11 Asian countries--Burma, Cambodia, Ceylon, Indonesia, Japan, Laos, Nepal, Pakistan, the Philippines, South Vietnam, and Thailand, as well as Malaya and Singapore--to send representatives to a high-level meeting in Simla about 9 May to consider American economic aid.

The invitation stated that Stassen had indicated the American government would like these countries themselves to take the initiative in developing the pattern for utilization of American aid.

As a result of Ceylon's refusal to attend on the ground that American aid should be received on a bilateral basis, New Delhi cabled the original invitees that it regretted any misunderstanding of its intentions and urged their attendance. The cable stated that aid on a bilateral basis is contemplated by India, too, but there are other problems to be discussed.

The agenda for the meeting was sent to the Asian nations on 21 April. It contains the following main points:

1. Pattern of utilization of American aid.

2. Practical problems which have arisen in connection with utilization, such as complicated procurement, price and loan regulations.

3. Special allocation for development of intraregional trade.

4. Machinery to provide credit.

5. Representation of European countries which may desire to assist.

6. Setting up of a permanent secretariat for the Colombo plan consultative committee.

So far, Cambodia, Indonesia, Japan, Nepal, Thailand, and Vietnam have accepted the invitation. Pakistan and the Philippines have not replied, but Pakistan has indicated it will accept. Burma and Ceylon have refused. The Indian government believes that Malaya and Singapore, whose invitation is being handled through the British government, will accept.

The Indian government has requested American assistance in persuading Asian nations to attend the meeting, particularly Pakistan and the Philippines.

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Afghanistan-Pakistan  
Tensions Continue

Afghanistan's delay in taking action toward a settlement with Pakistan and Pakistan's closing of its consulate at Jalalabad have prolonged the tension between the two countries. There are rumors that diplomatic relations may

be broken. With the close of the Bandung conference, however, some progress toward a compromise appears likely.

Recent reports indicate that King Zahir Shah of Afghanistan has decided to remove his

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cousin Prince Daud from the premiership. There are conflicting statements that former prime minister Shah Mahmud, Deputy Prime Minister Ali Mohammad, or Defense Minister Arif will be selected as Daud's successor.

Zahir reportedly delayed action until after the Afro-Asian conference, both to avoid compromising the position of the Afghan delegation and to await Foreign Minister Prince Naim's return from the conference.

Members of the Afghan delegation at Bandung stated privately that no differences existed between Zahir and his cousins, Daud and Naim. One official also claimed that Afghanistan is considering negotiating with the USSR for "uninterrupted access" to international communications channels to avoid alleged Pakistani restrictions.

These statements seem designed to blame Karachi for the present tension and to win international support.

Afghanistan's delay in taking positive action toward a settlement and Afghan propaganda, such as the statements made at Bandung, apparently have prompted Karachi to continue pressing Kabul to make restitution for an attack on the Pakistani embassy on 30 March.

Karachi has sought to maintain pressure on the Afghan government by announcing on 25 April that it has decided to



close its consulate in Jalalabad. The consulate had, however, not been functioning since a demonstration on 31 March.

Furthermore, Minister of Interior Mirza has stated he is drafting a note for Prime Minister Mohammad Ali to present to Kabul which would threaten to break off diplomatic relations unless Kabul made adequate restitution within a reasonable time for the attacks on Pakistan's diplomatic posts in Afghanistan. Mirza also claimed that the Pushtoon tribes along the Afghan-Pakistani border are restless, implying that Karachi will have to "placate" the tribes by withdrawing its diplomats if Kabul makes no concessions.

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Arab Defense Developments

The lack of any Arab announcement from Bandung suggests that Egypt, Saudi Arabia and Syria have been unsuccessful in seeking an agreement on Syrian counterproposals to Cairo's proposed defense pact. There is still an outside chance, however, that a pact will be signed. If it is, it will probably have neither military value nor lasting political significance.

The Syrian proposals, which were partly aimed at placating Turkish and Iraqi as well as domestic Syrian opposition to Egypt's plan, would have eliminated the anti-Iraqi aspects of the original proposition.

Further discussions of the pact may take place after the

return of the Egyptian, Saudi and Syrian leaders from the Bandung conference. None of the parties, however, now seems genuinely interested in developing a new defense arrangement, and any progress would probably depend on a desire to save face.

The original Egyptian proposal has been so watered down that Turkey, the pact's strongest foe, seems agreeable to seeing some version of it signed.

In the meantime, the Syrian government, which has seemed on the verge of being overthrown as a result of the controversy, was given a new jolt by the assassination on 22 April of Colonel Adnan Malki, a high army supporter of the government.

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Tunisian Agreement Announced

The agreement in principle between France and the protectorate of Tunisia, announced in Paris on 22 April, is the first step toward implementing the Tunisian autonomy declared by former French premier Mendes-France last July. Serious problems and strong opposition to this agreement remain.

Neither French nor Tunisian extremists are satisfied. Further hurdles are expected, both when the series of conventions defining the extent of autonomy is drafted and when the series is submitted to the French National Assembly for approval, probably in July.

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A group of French settlers in Tunisia, led by French senator Gabriel Puaux, has announced that it will fight autonomy in every way possible.

Salah ben Youssef, the secretary general of the foremost nationalist party, the

Neo-Destour, has also denounced the agreement. Inasmuch as the agreement was announced only after Premier Faure had reached a personal understanding with the party's chief, Habib Bourghiba, Ben Youssef's opposition may cause a split in the Neo-Destour and a resumption of disorders.

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## PART III

PATTERNS AND PERSPECTIVESRECENT DEVELOPMENTS IN SOVIET FOREIGN POLICYIntroduction

Since the Western powers reached their agreements at the Paris conference last October, the Soviet Union has been developing a broad program of action designed to prevent or at least impede the carrying out of the agreements, and, simultaneously, to enhance the strength and prestige of the Sino-Soviet bloc.

Moscow's initial response to the decisions of the Paris conference was to look to the security of the Soviet base. Satellite leaders were assembled in Moscow, along with a Chinese "observer," to announce a series of countermeasures to be taken if the Paris agreements were ratified.

Moscow then launched an intensive campaign of threats and promises aimed at blocking ratification of the Paris agreements.

By the time the Supreme Soviet convened on 3 February, the Soviet government apparently had concluded that there was little chance of averting ratification of the Paris accords and that the time had come to launch a new line of action calculated to disrupt their implementation.

Emphasis on Strength

The main features of the effort to enhance the strength and prestige of the Sino-Soviet bloc as a whole were:

(a) Molotov's declaration on 8 February that China occupies a position of equality with the USSR at the head of the Socialist camp;

(b) Bulganin's speech on 9 February giving greater Soviet support to Peiping on the Formosa issue; and

(c) the attempt of the top Soviet leaders to underscore the strength of the "Socialist camp" in comparison with the United States.

One of the most striking aspects of Molotov's foreign policy speech of 8 February was his reiteration--five times--of the claim that the "correlation of forces" between the two rival social systems "has definitely changed to the advantage of Socialism." He recalled the fate of the German attack on the USSR, warned that any future aggressor should not forget "the immeasurably increased might of the Soviet Union," and for the first time claimed that the USSR had nuclear superiority.

Bulganin in his investiture speech on 9 February likewise emphasized the theme of invincible Soviet power. He assured the Supreme Soviet that one of the "main cares" of the party and government would be the strengthening of the defensive might of the state and the maintenance of the fighting preparedness of the armed forces "at the level dictated by the interests of our motherland and the international situation." He also noted that the production of Soviet heavy industry "at present is almost three and one half times greater than in prewar 1940."

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At the same time, however, Soviet leaders provided a counterbalance to the more militant tone by stressing "peaceful coexistence."

In their interviews with the Hearst delegation, for example, they tried to give the impression that they wanted to improve relations with the United States and to dispel any fears of Soviet aggressiveness. While supporting the Chinese Communist position on Formosa, both Khrushchev and Zhukov voiced the hope that hostilities would not break out again in the Far East.

The bellicose and chauvinistic tone of the Supreme Soviet speeches may, in addition, have been intended to prepare the people of the bloc for unpalatable decisions in domestic economic policy and to reassure them of the Communist world's ability to deal with any threats growing from the agreements to rearm West Germany.

The USSR also began putting into effect some of the measures against West German rearmament outlined at the conference of Sino-Soviet bloc leaders in Moscow in December and in diplomatic notes during that month. Molotov stated in his 8 February speech that consultations on the Soviet bloc eight-power treaty of friendship, collaboration and mutual aid were being carried out, and on 21 March the USSR announced that the eight powers had reached agreement on the principles of this treaty and on the organization of a unified bloc command.

On 9 April, the Soviet government followed through on its threat to annul the Soviet wartime treaties with the United Kingdom and France by requesting the Presidium of the Supreme Soviet to abrogate them.

The Austrian Negotiations

The first Soviet move to regain the initiative was the reopening of the long deadlocked Austrian question. Molotov probably anticipated that the conspicuous attention he devoted to Austria in his speech on 8 February would carry a special meaning for the Western governments because the Austrian question has for several years been designated in the West as a "test of Soviet good faith."

In the Moscow talks of 12-15 April with the Austrian delegation, the Soviet leaders displayed unprecedented flexibility and willingness to compromise. They informed the Austrians that they were prepared to sign and ratify a treaty without delay.

Bulganin explained that the Austrian question could not have been settled earlier because the USSR had considered that the Austrian and German questions should be settled together. But now that the German question had been settled in another way, he said, the USSR was prepared to conclude an Austrian treaty as long as none of the big powers gained an advantage therefrom.

Molotov and his colleagues obtained from the Austrian delegation assurances that Austria "will not join any military alliances nor allow military bases on its territory." Austria also publicly agreed to pledge to follow "in relation to all states a policy of independence." Privately, it promised to issue a declaration

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after the conclusion of the treaty, pledging Austria to be have "in a neutral manner comparable to Switzerland."

The only major question left to be resolved was the nature of the four-power guarantees of Austria's neutrality. The communiqué on the talks made no reference to this question and the Soviet negotiators did not put forward any proposed text. They went no further than to declare the USSR's willingness to participate in a guarantee and suggested that Austria request it from the four powers.

There remains a possibility that Moscow will seek to include in a guarantee, provisions that would offer the USSR a pretext for future intervention or imply a semiprotectorate status for Austria.

#### The Effect on the German Problem

Moscow apparently regarded the Austrian talks to a large extent as a device for stimulating public pressure in Western Germany and Western Europe against German rearmament, for renewed negotiations with the USSR on Germany, and for engaging the Western powers in a foreign ministers' conference. On 19 April, the Soviet Union delivered notes to the three Western powers calling for a four-power foreign ministers' conference in Vienna "in the nearest future" to conclude the Austrian treaty.

Editorials in Pravda and Izvestia following the Austrian talks openly stressed the relationship of a four-power agreement on Austria to the German problem. They noted that the establishment of a "new situation" in Austria cannot help but interest the German people and echoed Molotov's

remark by stressing that the talks indicate that "the most complicated contemporary questions," including the German question, "can be resolved by negotiations."

This treatment of the Austrian-Soviet talks strongly suggests that it is Moscow's intention to grant Austria a generous settlement that would immediately become a compelling symbol and example to the West Germans.

This line of action was foreshadowed by West German Communist leader Max Reimann in statements on 17 April. Reimann said that the successful negotiations between the USSR and Austria show the German people what possibilities there are if the orders of the American and German monopolists are ignored and the "national interests of our people--the peaceful reunification of our fatherland--are the sole targets."

#### The Soviet Position on Germany

Until early April, Moscow carefully maintained a distinction between a four-power conference on German reunification--which it would be willing to attend only if the Paris agreements were renounced--and a conference of four or more powers on other questions such as Austria, international tensions, European security, disarmament and Asian issues.

After 1 April, the USSR softened this line and is now suggesting that, as long as the Paris treaties have not been implemented, a German settlement can still be the subject of great-power talks. Soviet and East German propagandists are assuring German listeners that the possibilities for such negotiations "have not been exhausted."

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It is still clearly implied, however, that a renunciation of the Paris accords would be prerequisite to any agreement on a German settlement.

This insistence on renunciation of the accords as the price for reunification is probably not intended as merely a temporary tactic aimed at defeating ratification. The Soviet leaders appear to regard this position, together with their concessions on Austria, as their most potent weapon in their long-term strategy to undermine Adenauer's authority, destroy his coalition, and bring about a major reorientation in West German foreign policy.

The Soviet leaders probably expect that the restoration of West German sovereignty will lead to the emergence of a more independent foreign policy and an increasing preoccupation with the problems of reunification.

Future Policy on Germany

Soviet tactics toward West Germany for the foreseeable future will probably be designed to maintain constant pressure on Bonn to withdraw its commitments under the Paris agreements. Pressure and warnings are likely to be balanced by continuing offers to establish diplomatic and trade relations and possibly by attractive proposals on reunification and neutralization.

In early March, after the Bundestag had approved the Paris accords, G. M. Pushkin, Soviet ambassador to East Germany, spoke enthusiastically [redacted]

the prospects of resuming diplomatic relations between Moscow and Bonn. He even named candidates for the ambassadorial appointment on both sides.

Despite Moscow's apparent plan to point to an Austrian settlement based on reunification and neutralization as an example for the West Germans, the Soviet leaders are probably not interested in negotiating a similar settlement for Germany.

As Mikoyan remarked to a member of the Austrian delegation in Moscow, the settlement of a problem involving seven million people could not form a precedent for a settlement of a problem involving seventy million. The USSR has a stake in East Germany infinitely greater than it had in Austria, and the strategic importance of Germany and German resources are crucial in the balance of East-West power in central Europe.

The Soviet aim is to inject a dramatic new element into the German equation that will disrupt Western plans and enable the USSR to play for time which it believes will bring changes in Western Germany favorable to Soviet interests, particularly after Dr. Adenauer's departure from the political scene.

Policy Toward Bloc Neighbors

Molotov in his foreign policy review made a special effort to prevent any misunderstanding that his emphasis on the two-camp conflict meant a more extreme policy toward countries bordering on the Sino-Soviet bloc.

He gave strong praise to India, proclaimed Soviet support for the Afro-Asian conference, and cited improvements in Soviet relations with Finland, Iran, Afghanistan, Japan, and to some extent with Yugoslavia.

A significant development in Soviet policy toward Scandinavia came with Deputy Foreign

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Minister Gromyko's visit to Sweden from 24 to 26 March. This underlined the USSR's continuing interest in preventing any move by Sweden toward military co-operation with the West.

Moscow's moderate response to Tito after he had criticized the way Yugoslavia was treated in Molotov's speech of 8 February and the Soviet ambassador's interview on 28 March with Tito provide further evidence that the Soviet government intends to continue efforts to improve relations with Belgrade.

Soviet policy toward the Middle East has been almost wholly preoccupied with efforts to prevent the extension and strengthening of Western-sponsored defense arrangements. Moscow is seeking to discourage Iran from joining the Turkish-Pakistani alliance and thus completing the "northern tier," and on exploiting historical and dynastic rivalries in the Arab world inflamed by the conclusion of the Turkish-Iraqi treaty.

Soviet propaganda to Iran by mid-March had reached its highest volume since last October and contained pointed references to the 1927 Soviet-Iranian treaty, which provides that each party will not take part in political alliances directed against the other.

Moscow was quick to exploit the cleavage in the Arab League produced by the Turkish-Iraqi pact. There have been frequent allusions to Turkish ambitions to revive the Ottoman Empire, and the USSR has singled out Syria for special diplomatic and propaganda attention.

On 16 April, the Soviet government also threatened to raise the question of Western interference in the Near East before the United Nations,

apparently timing this statement to provide ammunition for Communist delegates at the Afro-Asian conference.

Soviet bloc efforts to forestall any move by Afghanistan toward association with regional defense arrangements continued with Rumanian offers of a trade agreement and assistance in an oil exploration project in March, and a Hungarian trade offer, including long-term industrial credits, in February. The USSR has attempted to exploit Afghanistan's disputes with Pakistan in order to prevent a settlement which might open the way for Afghanistan's entry into a Middle East defense alliance or might enable Pakistan to participate more effectively in such a defense arrangement.

Moscow's long-established policy of encouraging India in its independent foreign policy and in its aspirations to play a mediatory role between the two power blocs was evident in statements by Molotov and Voroshilov. The Soviet Foreign Ministry announced on 28 March that Nehru will visit the USSR in early June, and Izvestia reported on 9 April that an Indian parliamentary delegation had accepted an invitation to come to the Soviet Union.

Soviet Policy in the Far East

The most significant developments in the Bulganin government's policy toward Communist China centered on what appeared to be the first cautious steps toward firmer support of Peiping's foreign policy objectives.

[redacted]  
[redacted] Khrushchev said that Malenkov had not been sufficiently "strong" on his foreign policy. Khrushchev

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took great pains to stress the USSR's solidarity with China in all fields. He declared that the Soviet Union would honor its 1950 treaty if China were attacked, though he did not specify exactly what he meant by "attack."

Bulganin, in his Supreme Soviet speech, likewise implied a greater measure of support, stating that the "Chinese people may rely upon the aid of their faithful friend, the great Soviet people," in their struggle for the honor and independence of their motherland.

The Formosa problem appears to confront the Soviet leaders with a dilemma. Their desire to satisfy Chinese needs and requests and to maintain a strong united front with Peiping toward the West conflicts with their interest in avoiding involvement in a large-scale war in the Far East.

The Bulganin government appears to have decided that the Formosa situation requires a stronger line on the part of the Soviet Union and is willing to accept the risks such a line may carry. The USSR made no official commitment of military support, however, and probably would seek to restrain its Chinese ally from forcing events to the point of large-scale military hostilities.

The USSR's primary objective both in propaganda and in private exchanges on the Formosa issue has been to establish itself in the eyes of the world as the champion of a negotiated settlement and place the United States in the position of refusing to settle international issues and relax tension. Thus, Molotov proposed a ten-power conference to the British ambassador on 4 February.

This plan was published by the Soviet press on 12 February despite the fact that Moscow had learned in private talks that the proposal was unacceptable to the United States and Britain because it circumvented the United Nations and excluded the Chinese Nationalists.

Aside from backing up Communist China on the Formosa issue, the USSR has made Japan a major diplomatic target in recent months. Japan's belief that its only hope of achieving economic independence lies in mainland markets has been assiduously fostered by the Communist powers as a lever for generating new conflicts with the United States and for inducing a reorientation in Japan's general foreign policy.

This Sino-Soviet line of action was also evident in Moscow's prompt gestures to the new Hatoyama government after the pro-American Yoshida cabinet had resigned last December. The USSR sought to capitalize on Hatoyama's election promises regarding trade and normalization of relations with the USSR.

Soviet leaders have adopted a generally more conciliatory position but have shown no haste to proceed with negotiations.

The Soviet tactics seem to be based on the assumption that the passage of time and mounting domestic pressures will force the Japanese government into negotiations on Soviet terms.

Conclusions:

Major trends in recent Soviet foreign policy include:

(1) the continuation of a long-term policy of conciliation toward the Sino-Soviet

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bloc's neighbors which was initiated soon after Stalin's death;

(2) the carrying forward of a series of measures designed to offset the Western diplomatic success at the Paris conference last October; and

(3) the beginning of a new course of action--based on concessions on the Austrian treaty and the reopening of great-power talks--designed to place the USSR in an advantageous position to influence the course of events in West Germany and Western Europe in the postratification period.

Soviet leaders have continued to show a high degree of flexibility in the conduct of foreign policy, characteristic of the entire post-Stalin period.

Both the Malenkov and Bulganin governments have apparently felt that the need to

prevent the further development of the power and cohesion of the Western alliances is sufficiently pressing as to warrant well-timed and limited concessions.

Immediate military gains in Indochina were sacrificed in order to achieve broader political gains which included defeating EDC. The Soviet Union now appears ready to withdraw from Austria in order to arrest a trend toward West German alignment with the West.

These concessions, however, have never involved positions where the Sino-Soviet bloc's prestige and security are deeply engaged and have never implied any modification of the supreme objectives of disrupting the Western coalition, isolating the United States from its allies, and bringing about the withdrawal of American military power from advanced bases in Europe and Asia.

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WEST EUROPEAN REACTION TO PROPOSED AUSTRIAN SETTLEMENT

Spokesmen for practically all Western European nations have welcomed the prospect of an early Austrian settlement, and there is widespread approval for the idea that Austria should be neutral.

There is also general agreement that the change in the Soviet attitude is the beginning of a new gambit on Germany, but there is little agreement on what move the USSR may make next.

The British believe the West has no option but to move as quickly as possible to sign an Austrian state treaty. The

Foreign Office has recommended that the cabinet not foreclose the possibility of offering a guarantee of Austrian territorial integrity should one be required to complete a settlement.

On the broader questions of Germany and European security, the British representative to the tripartite study group in London believes that the new British government will not be able to formulate its views before mid-July, which he envisages as the earliest date for East-West talks. He says the British have nothing new to propose on the subject of European security, but that the West

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ought to be prepared to meet a Soviet initiative.

This spokesman argues against taking specific positions now on the grounds that they might leak to the Soviet Union. He thinks that the West Germans, too, might want to wait some weeks to evaluate the effects of the Paris accords coming into force.

The French have been anxious to move rapidly toward an Austrian settlement, but seem particularly concerned over Vienna's willingness to accept an ill-defined status of neutrality. They believe that a guaranteed neutrality, if Austria were unable to defend itself, would present a "serious problem."

The French profess a desire to keep the Austrian and German problems separate, but their attitude is actually somewhat equivocal. The Foreign Ministry professes "concern" that the Germans may wish to follow the Austrian example. At the same time, the French view the Soviet attitude toward Austria as a possible omen of "reasonableness" on Germany, a development which might obviate the necessity of implementing the Paris accords.

French Foreign Ministry spokesmen, partly in an effort to hasten efforts to establish a study group for East-West talks, have referred to an upsurge in neutralist sentiment in the National Assembly, particularly among Gaullists, as a result of the prospective Austrian settlement.

The American embassy in Rome on 15 April reported local apprehension over the effect of Austrian neutrality on the defenses of Italy's northern frontier.

In West Germany, Bundestag leaders expect a rise in neu-

tralist sentiment, but feel the public recognizes the vast differences between a settlement for Austria and one for Germany. Bonn is taking the line that the Austrian situation may reveal Soviet willingness to negotiate the question of German reunification on the basis of free elections and freedom in foreign relations.

The West German opposition is emphasizing the example of Austrian neutrality as a possible device for restoring German unity. Some German newspapers, which are generally hopeful and cautious, hint that Germany may be forced to consider neutrality in order to gain free elections.

Austrian treaty developments cannot be considered to have had any effect on the 26 April state elections in Lower Saxony. In general, the Lower Saxony elections followed the pattern of other West German state elections in the past year, the issues and personalities being essentially local.

In Sweden and Finland, the proposed settlement of the Austrian problem has been welcomed for its own sake, but most commentators believed that the Soviet "concessions" were aimed primarily at encouraging German neutrality and nullification of the Paris agreements.

The general suspicion in Western Europe that the Soviet Union may next make a move directly aimed at Germany appears to be somewhat weaker than the hope that this most recent sign of Soviet "reasonableness" may be the prelude of a general easing of East-West tensions.

Only London, by emphasizing that NATO must be the Western basis of any European security arrangements, appears to realize that a spread of the concept of alliance-free nations could have a disastrous effect

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on the political and military solidarity of the Western alliance. The British have long regarded the withdrawal

of the United States from Western Europe as a primary objective of Soviet foreign policy.

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